

New Mexico Energy, Minerals and Natural Resources Department

Bill Richardson
Governor

Joanna Prukop
Cabinet Secretary

Mark Fesmire
Division Director
Oil Conservation Division



June 17, 2009

Nadel and Gussman Heyco, LLC
Attn: Mr. Colby Booth
500 North Main St, Suite 1
Roswell, NM 88201

Administrative Order NSL-6046

Re: South Taylor 13 Federal Well No. 5
API No. 30-015-37092
1697 feet FSL and 1600 feet FEL
Unit J, Section 13-18S-31E
Eddy County, New Mexico

Dear Mr. Booth:

Reference is made to the following:

(a) your application (**administrative application reference No. pKAA09-16651131**) submitted to the New Mexico Oil Conservation Division (the Division) in Santa Fe, New Mexico on June 15, 2009, and

(b) the Division's records pertinent to this request.

Nadel and Gussman Heyco, LLC [OGRID 258462] (NGH) has requested to drill the above-referenced well at an unorthodox oil well location, described above in the caption of this letter. The NW/4 SE/4 of Section 13 will be dedicated to this well in order to form a standard 40-acre spacing unit in the Shugart Yates-Seven Rivers-Queen-Grayburg Pool (56439). This pool is governed by statewide Rule 15.9.A, which provides for 40-acre units, with wells located at least 330 feet from a unit outer boundary. This location is less than 330 feet from the eastern unit boundary.

Your application has been duly filed under the provisions of Division Rules 15.13 and 4.12.A(2).

It is our understanding that you are seeking this location to avoid interference with an existing pipeline.



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It is also understood that notice of this application to offsetting operators or owners is unnecessary because the applicant owns the entire working interest in the offsetting unit.

Pursuant to the authority conferred by Division Rule 15.13.B, the above-described unorthodox location is hereby approved.

It is noted that the Division has already approved an Application for Permit to Drill (APD) for this well at a location 1650 feet FSL and 1600 feet FEL. THIS APPROVAL IS EXPRESSLY CONDITIONED upon this well being moved to the location described in the heading of this letter.

This approval is further subject to your being in compliance with all other applicable Division rules, including, but not limited to Division Rule 5.9.

Jurisdiction of this case is retained for the entry of such further orders as the Division may deem necessary.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Mark E. Fesmire', is written over a horizontal line.

Mark E. Fesmire, P.E.
Director

MEF/db

cc: New Mexico Oil Conservation Division - Artesia
United States Bureau of Land Management - Carlsbad